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SUBJECT: KOREAN OBJECTIVES FOR APEC 2006

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Classified By: EconMinCouns Kurt Tong, Reason 1.4 (b,d).

Summary

[¶1.](#) (C) A key Korean focus for APEC 2006 will be obtaining support for its initiative to begin a new APEC research project on overcoming socio-economic disparities within APEC-members' respective domestic economies. This initiative is based on President Roh's own request (first included as an agenda item during the 2005 Busan APEC Leaders Meeting), and Seoul will exert commensurate effort in pushing for its adoption. Korea is happy to see that the initial draft agendas coming out of Vietnam includes measures for implementing the Busan Roadmap. Of these, Korea is especially interested in the Doha Development Agenda (DDA) support, model Free Trade Agreement/Regional Trade Agreement (FTA/RTA) measures, anti-corruption efforts, and cultural issues. Seoul is curious to know Washington's plans regarding the U.S./Korea/Japan co-sponsored IPR initiative, and whether Washington is considering additional initiatives related to it. Korea forecasts that it will be necessary to convene a separate APEC foreign ministers' event, in some guise, again this year. End summary.

Initiative on Socio-Economic Disparities

[¶2.](#) (U) Econoff discussed Korea's APEC 2006 objectives on February 7 with Hyo-eun "Jenny" Kim, Senior Deputy Director of the Regional Cooperation Division of the Ministry of Foreign Affairs and Trade (MOFAT).

[¶3.](#) (SBU) Kim said that Korea's primary focus for the moment is on obtaining support for an initiative to begin an APEC research project to examine the causes of, and possible policy responses to, socio-economic disparities in APEC economies. Korea's thoughts are described in detail in a non-paper sent on January 20 to EAP/EP and 10 other APEC economies including Japan and China.

[¶4.](#) (SBU) Kim emphasized that Korea is aware that this could be a sensitive topic for some member economies, because it affects perceptions of globalization, trade, and investment. She reaffirmed that President Roh is a strong supporter of globalization and believes that it is the best path to economic growth. However, in order to obtain sustainable long-term growth, it would be necessary to come to grips with socio-economic disparities that can be one result of such globalization. Kim also stressed that Korea intends for the research project to hew strictly to the mandate for such a study contained in the 2005 Leaders Declaration.

[¶5.](#) (SBU) Kim noted that this topic was a personal priority of

President Roh himself, and the initiative goes back to Roh's belief that APEC should take up the issue of socio-economic disparities. In fact, President Roh focused his New Year's Address (Ref B) on just this issue. Korea is hoping to obtain consensus on conducting such a study before SOM I, so that at that meeting Senior Officials could give a mandate to the Economic Committee to carry out the research. In turn, the Economic Committee would establish a project team to coordinate activities among scholars in the various APEC members and with other APEC bodies. Korea would lead the project team, and coordinate it through the Korean Institute of International Economic Policy (KIEP), whose President is also the Chair of the Economic Committee. KIEP is a state-run think tank affiliated with MOFAT.

¶6. (SBU) The research would look for case studies from different APEC members of what types of socio-economic disparities have arisen in the respective economy and what policies were used to deal with them, in a search for best practices. In addition to the study, Korea plans to host an international APEC symposium on the subject in Seoul in July.

¶7. (SBU) Kim said that Korea has received positive responses from China and Japan, but has not heard back from the other nine economies to which it sent its proposal, including the United States. Kim expressed hope that the United States could respond to the initiative soon.

Implementing the Busan Roadmap

¶8. (SBU) Turning to other APEC 2006 priorities, Kim expressed satisfaction with the initial thoughts coming out of Hanoi, in particular with Vietnam's inclusion of implementing the Busan Roadmap. Korea believes that focus should be put on supporting the DDA negotiations, developing model FTA/RTA's,

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and anti-corruption efforts. Seoul also thinks that cultural issues should continue to be a topic, and would support additional APEC cultural exchanges and cultural events.

¶9. On other agenda items of concern to the United States, Korea shares our goal of emphasizing work on Avian and Human Influenza Pandemic mitigation, as well as the U.S. human security initiatives. She noted, however, that Korea and the United States would continue to have differences over the technology choice initiative, which the two sides would "have to work through."

Question on IPR Initiative

¶10. (SBU) Kim indicated that Seoul is curious about U.S. thoughts on what more to do with the U.S./Korea/Japan co-sponsored IPR initiative. She wondered whether the United States was thinking of doing something more based on last year's achievement, or whether the United States is considering additional initiatives, such as implementing guidelines.

Dealing with China-Chinese Taipei Issues

¶11. (C) Korea continues to share U.S. concerns over ensuring the complete and equal participation of Chinese Taipei in APEC. However, based on its own dealings with China last year as APEC host, Seoul has come to the conclusion that holding a separate foreign ministers' event, in some guise, has become a de facto APEC tradition, and does not believe there is another realistic option for accommodating both members' positions.

Comment

¶12. (SBU) The study that Korea proposes on socio-economic disparities could turn out to be fairly innocuous, particularly since MOFAT appears sincere in emphasizing the positive impact of globalization and trade on economic

growth, given appropriate policy responses (i.e. good governance) by individual economies. Furthermore, we can attest to the veracity of the claim that this topic is of personal interest to President Roh, meaning that Korea would find it hard to accept "no" for an answer. We suggest steering discussion toward pro-growth strategies like education reform and technology development to "bridge the divide."

¶13. (SBU) On another subject, we continue to believe that raising technology choice in the APEC context will eventually help us in bilateral terms, despite current Korean opposition. Since technology choice stands to be a firm U.S. demand in upcoming U.S.-ROK FTA negotiations, we are hopeful that the ROKG will realize that the APEC process on technology choice provides a convenient multilateral fig leaf for the reforms we will be asking for in the FTA.

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